

FRAUD ON THE TRADEMARK OFFICE AND OTHER PRACTICE PITFALLS: HOW TO AVOID THEM

J. Alison Grabell

**LEGAL STRENGTH
MEETS BUSINESS SENSE**

Trademark Standing Committee

October 13, 2009

Opportunities to Commit Fraud...

❖ REGISTRATION

- Declaration *under oath* that MARK is being used on all of the goods/services covered in the registration as of the date(s) claimed
 - § 1(a)
 - Allegation of Use
 - Statement of Use

❖ AFFIDAVIT OF CONTINUED USE (§ 8)

- Declaration *under oath* that MARK is *still* being used on all of the goods/services covered in the registration as of the date(s) claimed

❖ RENEWAL (§ 9)



More Opportunities to Commit Fraud...

- ❖ Claims use of the Mark on ALL of the goods/services covered in the registration when:
 - MARK **not being used** on all goods/services;
 - MARK **no longer being used** on all goods/services;
 - MARK **abandoned with no intention** to resume to use (3 years)
- ❖ Attorney signs declaration “on information and belief”



PITFALLS

❖ Attorney Signature

- On application
- On AAU/SOU
- On Section 8 Affidavit
- On Section 9 Renewal Application
- On **ANYTHING** that requires evidentiary competence

❖ ATTORNEY HAS DUTY TO **INQUIRE**

Herbaceuticals Inv. v. Xel Herbaceuticals Inc.,
86 USPQ2d 1577 (TTAB 2008) (“on information and belief” insufficient to negate fraud)



More PITCHFALLS

APPLICATION TO REGISTER

- ❖ **Dates of first use anywhere/first use in commerce**
- ❖ **Signature**
 - Attorney Signature may create fraud
 - Attorney signature may create conflict and waiver of privilege if attorney has to testify
- ❖ **Identification of Goods/Services**
 - Intent to use basis: bona fide



What is Fraud on the USPTO?*

❖ Elements:

Statement must be

1. Intentional
2. False
3. Material misrepresentation
4. Knowing



* *May be the same as inequitable conduct before the Patent Office (breach of duty to disclose)*

What is Fraud on the USPTO?

The case that **SHOOK** the Trademark World

Medinol Ltd. v. Neuro Vasx Inc.,

67 USPQ2d 1205 (TTAB 2003)

- ❖ Respondent's motion for partial cancellation of registration for NEUROVASX for stents based on non-use denied
- ❖ Registration cancelled in its entirety for fraud ***sua sponte***!



Asserting & Negating Fraud

Maid to Order of Ohio Inc. v. Maid-to-Order Inc.,

78 USPQ 2d 1899 (TTAB 2006)

Fraud “occurs when an applicant [or later, registrant] knowingly makes false, material misrepresentations of fact in connection with his application” [or § 8 declaration or § 9 application for renewal]

ARGUMENTS

- Cancellation Respondent MTO counter-claimed that Petitioner MTO-Ohio was not using and had not used MAID TO ORDER mark for cleaning services in interstate commerce, as Petitioner stated in application and Sections 8 and 9 affidavits
- Petitioner negated fraud allegation by asserting “good faith belief” that MAID TO ORDER was being used in interstate commerce at all relevant times

STANDARD OF PROOF

- “to the hilt” = CLEAR AND CONVINCING
- No speculation, inference or surmise
- Doubt resolved against charging party

HOLDING

- No fraud because subjective good faith belief that mark was being used in interstate commerce



A New Standard

In re Bose Corporation

No. 2008-1448 (Fed. Cir. August 31, 2009)

Marks: **WAVE** Marks (TV receivers, VCRs, video cassette players, camcorders, radios, clock radios, audio tape recorders and players, portable radio and cassette recorder combinations, compact stereo systems and portable compact disk players)

HEXAWAVE (semiconductor devices, integrated circuits, power modules, electronic components and radio frequency components)



A New Standard

In re Bose Corporation

No. 2008-1448 (Fed. Cir. August 31, 2009)

FACTS

Bose filed an opposition challenging the registration of the HEXAWAVE mark based upon Bose's prior registration for WAVE.

The applicant counterclaimed for fraud based Bose's Section 8 affidavit of continued use claiming use of the WAVE mark on cassette decks that were no longer manufactured by Bose.

Bose's in-house attorney claimed he was unaware that Bose had discontinued manufacturing the cassette decks and that he believed Bose's continued repair and service of the decks constituted use in commerce.

The Board found the In-house attorney's belief was unreasonable, and that he **should have known** that the cassette decks were no longer being manufactured. The Board held that Bose committed fraud on the PTO.



A New Standard

CONTINUED

In re Bose Corporation

No. 2008-1448 (Fed. Cir. August 31, 2009)

ON APPEAL

The CAFC OVERRULED the Board's decision, rejecting the *Medinol* standard as a departure from earlier precedent.

The Court found that Bose had not committed fraud on the PTO because the in-house attorney had no *intent to deceive* the PTO.

The Court further held that "a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO."



A New Standard

CONTINUED

In re Bose Corporation

No. 2008-1448 (Fed. Cir. August 31, 2009)

Medinol STANDARD

A trademark is obtained fraudulently under the Lanham Act if the applicant or registrant makes a false material representation **knowingly** or **negligently** (should have known).

NEW STANDARD

A trademark is obtained fraudulently under the Lanham Act **ONLY** if the applicant or registrant makes a **knowingly false MATERIAL representation** with the **intent to deceive** the PTO.



A New Standard

CONTINUED

In re Bose Corporation

No. 2008-1448 (Fed. Cir. August 31, 2009)

INTENT TO DECEIVE

The intent to deceive can be inferred from indirect and circumstantial evidence, but such evidence must be clear and convincing.

“The principle that the standard for finding intent to deceive is stricter than the standard for negligence or gross negligence, even though announced in *patent inequitable conduct* cases, applies with equal force to trademark fraud cases.”



A New Standard

CONTINUED

In re Bose Corporation

No. 2008-1448 (Fed. Cir. August 31, 2009)

“SHOULD HAVE KNOWN”

The Court overruled those cases which found fraud where the applicant or registrant **should have known** the statements made in connection with filings were false or misleading.

NEGLIGENCE

The Court further imposed a stricter standard than negligence/gross negligence.



Selected Cases

In re Bose Corporation

No. 08-1448 (August 31, 2009)

Springfield Inc. v. XD,

86 USPQ 2d 1063 (TTAB 2008)

Herbaceuticals Inc. v. Xel Herbaceuticals Inc.,

86 USPQ 2d 1772 (TTAB 2008)

Sinclair Oil Corp. v. Kendrick,

85 USPQ 2d 1032 (TTAB 2007)

Tri-Star Marketing LLC v. Nino Franco Spumanti S.R.L.,

84 USPQ 2d 1912 (TTAB 2007)

Hurley Int'l LLC v. Volta,

82 USPQ 2d 1339 (TTAB 2007)

Standard Knitting Ltd. V. Toyota Jidosha K.K.,

77 USPQ 2d 1917 (TTAB 2006)



More Selected Case

American Flange & Mfg Co. v. Rieke Corp.,

80 USPQ 2d 1397 (TTAB 2006)

Grand Canyon West Ranch LLC v. Hualapai Tribe

78 USPQ 2d 1696 (TTAB 2006)

Maids to Order of Ohio Inc. v. Maid-to-Order Inc.,

78 USPQ 2d 1899 (TTAB 2006)

Turbo Sportswear Inc. v. Marmot Mountain Ltd.,

77 USPQ 2d 1152 (TTAB 2005)

J.E.M. Int'l Inc. v. Happy Rompers Creations Corp.,

74 USPQ 2d 1526 (TTAB 2005)

Medinol Ltd. V. Neuro Vasx Inc.,

67 USPQ 2d 1205 (TTAB 2003)

Torres v. Cantine Torresella S.r.l.,

808 F.2d 46, 48 (Fed. Cir. 1986)



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